

Message Text

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SUBJECT: OMANGOV SEEKS U.S. JOINT VENTURE IN AGRICULTURAL
DEVELOPMENT

1. WE RECENTLY DISCUSSED PROSPECTS FOR AMERICAN JOINT VENTURE IN AGRICULTURE WITH DIRECTOR OF AGRICULTURE SHABAN, AT HIS REQUEST. SHABAN STATED THAT OMANGOV WISHES TO SET UP PARTNERSHIP WITH MEDIUM TO LARGE SIZED U.S. AGRIBUSINESS FIRM TO DEVELOP VEGETABLE FARMS AND OTHER PROJECTS. ACCORDING TO SHABAN, THE OMANGOV WANTS VENTURE TO GET INTO PRODUCTION AS QUICKLY AS POSSIBLE, WITHOUT LENGTHY PERIOD OF RESEARCH AND FEASIBILITY STUDIES. CAPITAL REQUIREMENTS AND PERCENTAGES OF OWNERSHIP WOULD BE OPEN TO NEGOTIATION.

2. SHABAN EXPRESSED GREATEST INTEREST IN DEVELOPING SHARQIYAH (EASTERN SECTION OF MOUNTAINS IN THE NORTH). HE STATED THERE WERE TWO OR THREE PROMISING SITES TOTALLING ABOUT 20,000 ACRES WHICH COULD BE USED FOR GROWING VEGETABLES. LAND WOULD BELONG TO OMANGOV. SHABAN ALSO REFERRED TO VEGETABLE FARMING ON A 2,000 TO 3,000 ACRE AREA OF SALALAH PLAIN IN DHOFAR AND EXPRESSED HOPE THAT JOINT AGRICULTURAL PROJECT COULD BE ESTABLISHED IN DHOFAR MOUNTAINS AS WELL. SHABAN SAID THAT PROJECTS WOULD BE TIED IN WITH CURRENT SURVEYS OF WATER RESOURCES, WITH PARTICULAR EMPHASIS ON WATER SURVEYS IN SOUTHERN MOUNTAINS.

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3. SHABAN DID NOT SPECIFY WHICH CROPS WOULD BE GROWN IN JOINT VENTURE, AND HE BELIEVED THAT AMERICAN AGRIBUSINESS FIRM COMING HERE WOULD BE GIVEN FREE HAND IN DECIDING WHAT KINDS OF CROPS WOULD BE FEASIBLE. HE NOTED THAT OMANGOV WOULD WISH TO SHARE COSTS OF WHATEVER PRELIMINARY STUDIES ARE NECESSARY WITH PRIVATE PARTNER. HE AGREED WITH OUR RBFOMMENDATION THAT AGRICULTURAL PLANNING BE TIED IN WITH MARCH VISIT OF LOUIS BERGER TEAM.

4. COMMENT: OMANGOV HAS DECIDED TO GIVE AGRICULTURE HIGH PRIORITY IN DEVELOPMENT PLANNING PARTLY AS IMPORT SUBSTITUTION MEASURE TO HOLD DOWN SHARPLY RISING COSTS OF IMPORTED FOODSTUFFS. THIS AIM MAY BE DIFFICULT TO ACHIEVE. COMMERCIAL PRODUCTION OF VEGETABLES AND NON-TRADITIONAL CROPS HAS NOT YET COMMENCED ON SIGNIFICANT SCALE, AND TRADITIONAL AGRICULTURE IN INTERIOR HAS BEEN HURT TO SOME EXTENT BY CONTINUING EXODUS OF RURAL POPULATION TO CAPITAL AREA. WE BELIEVE THAT JOINT VENTURE WOULD MAINLY APPEAL TO AGRIBUSINESS FIRMS INTERESTED IN SMALL-SCALE INTENSIVE FARMING. SINCE OMANIS HAVE MADE POLITICAL DECISION TO DEVELOP AGRICULTURE BUT ARE VAGUE ON HOW TO DO IT, WE RECOMMEND THAT INTERESTED FIRMS COME HERE TO INVESTIGATE SITUATION THOROUGHLY BEFORE COMMITTING THEMSELVES.

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